



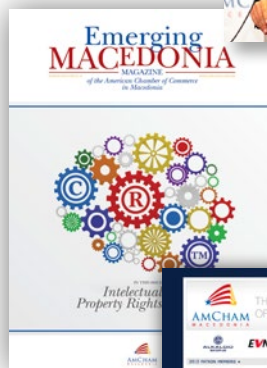
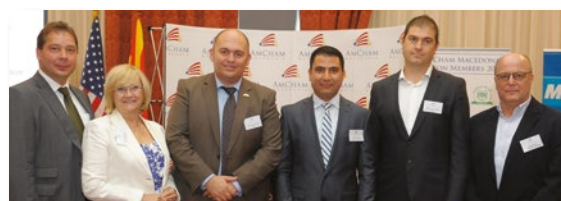
AMCHAM
M A C E D O N I A

ANNUAL REPORT 2012

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2012 Annual Report: AmCham Macedonia's Twelfth Year

This Annual report summarizes AmCham Macedonia's 2012 membership, events and activities, our advocacy efforts, administration and year-end financials.

Membership

AmCham Macedonia is a membership organization that includes many of the most successful, progressive and impressive organizations working in Macedonia today. In terms of organization size, AmCham Macedonia maintained 98 members across 5 membership categories: patron, corporate, business, entrepreneur and NGO's.

The following table summarizes our 2012 membership:

MEMBERSHIP CATEGORY	CATEGORY DEFINITION	NUMBER OF MEMBERS
PATRON	Top tier members who embody AmCham values and are strategic partners of the organization throughout the year.	8
CORPORATE	The annual worldwide turnover of the member company is >\$5 million or is fully or partly owned by a parent company that has a <i>global</i> annual turnover >\$5 million.	49
BUSINESS	The annual worldwide turnover of the member company is <\$5 million or is fully or partly owned by a parent company that has a <i>global</i> annual turnover <\$5 million.	33
ENTREPRENEUR	Micro or small companies with an annual turnover of <\$250.000	4
NGO	Non-profit organizations registered in Macedonia or the United States.	4

AmCham Macedonia is always looking to strategically grow membership to encompass more of the high caliber organizations working in Macedonia. The process of obtaining new members consists of a company completing an application (available on our web site), Board review and recommendation and, finally, confirmation of new members by general membership at our Annual General Assembly meeting. AmCham Macedonia received a total of 6 applications for

membership in 2012, all of which the Board of Directors recommended to the General Assembly for approval. Each of these new members The members that officially joined in 2012 were:

- Cementarnica Usje (corporate category);
- M6 Svetlana i Ostanati DOO Skopje (business category);
- ND Balkan (business category);
- Vitalia Nikola (business category);
- Cakmakova Advocates (business category); and
- Meloski Consulting (entrepreneur category).

2012 Events and Activities

AmCham Macedonia is best known as the most active foreign business interests association in the country. In 2012, its impressive repertoire of activities and events included 13 events that attracted roughly 500 attendees. These included a working lunch with the Deputy Prime Minister and two ministers, training for first time managers and information sessions on mentoring, exporting food to the United States and using social media in CSR efforts.

However, in a busy year of events and activities, there are always a few that stand out as particularly memorable, this year, they were:

Business Luncheon with Macedonian Government Officials



On March 5th, during the business luncheon hosted by the American Chamber of Commerce in Macedonia, members had the opportunity to meet with Mr. Vladimir Pesevski, Deputy Prime Minister of the Government of the Republic of Macedonia in charge of Economic Affairs, Mr. Valon Saraqini, Minister of Economy and Mr. Ivo

Ivanovski, Minister of Information Society and Administration. The event provided a venue for members to meet the high ranking government officials and their teams and discuss issues important to them in addition to hearing their plans in the business arena for the coming year (e.g., regulatory guillotine).



Business Forum on Women in Corporate Leadership

AmCham Macedonia was proud to contribute to the timely and important discussion on the need to increase the participation of women in corporate and business leadership positions in Macedonia with its forum on “Women in Corporate Leadership” featuring one of the world’s leading experts in the field of women’s enterprise development and entrepreneurship, Ms. Julie Weeks. The panel discussion also featured four Macedonian business leaders: Ms. Liza Popovska, CFO – Pivara Skopje AD; Ms. Verica Hadzi Vasileva Markovska, Owner of Analysis and Advisory Group and President of the National Institute of Directors; Ms. Venera Novakovska, Owner

of Nova International Schools; and Ms. Aleksandra Dilevska, Director of Publicis. All panelists shared their knowledge and opinions on the status of women in the corporate sector in Macedonia and the concept of female leadership, while at the same time contributing to raising awareness on this important issue. The session also provided a unique networking opportunity for its roughly 50 participants.

*Board Strategy Session*

AmCham Macedonia’s Board of Directors has always served as a model in the country for volunteerism, cooperation and engagement in the non-profit sphere. An important new development this year was the Board’s closure and review of our first 3 year strategy (2010-2012), as well as the adoption of a strategy for the 2013-15 period. In order to develop a workable strategy for the future, the Board gathered for an all day off-site session in mid-November 2012 to more clearly define the organization, review membership trends and finally make a plan for the future.

The result, which will be formally presented to members at the 2013 General Assembly, is included in Annex 1 of this report.

12th Annual General Assembly



This year's GA focused on AmCham's advocacy role in the business community and included presentations from each of our 4 committee presidents:

- Intellectual Property Rights – President Biljana Janeva
- Legal & Tax – President Kiril Estatiev
- Workforce Development – President Iskra Trajkoska
- Corporate Social Responsibility – President Nikica Kusinikova

Representatives from 43 member companies attended and cast votes for the following Board of Directors candidates:

- Makram Ghribi – 33 votes
- Tibor Vidos – 31 votes
- Werner Hengst – 32 votes
- Miroslav Marchev – 28 votes
- Clay Buttemere – 19 votes
- Oliver Nikolovski – 17 votes



Stefan Plavjanski, Board President, also recognized Arben Gega, Commercial Specialist at the U.S. Embassy in Macedonia for his involvement as an advisor and strong supporter of AmCham throughout its first 12 years of operations.

Charity Thanksgiving Lunch with the Children of the SOS Children's Village

For the second time, AmCham brought the Thanksgiving tradition to the SOS Children's Village near Skopje by sharing a big lunch with the entire community. A group of children created and presented a short play about the origin of the holiday, delighting the nearly 70 AmCham members, children and caregivers present.

In the spirit of the holiday season, the following member companies also donated funds and goods in kind to support the important work of the Village:

- Okta;
- S&T;
- Alliance One;
- Makedonijaturist;
- Johnson Controls;
- Skopski Pazar;
- Cakmakova Advocates;
- EVN Macedonia;
- Monevski Law Firm;
- Eurostandard Bank; and
- Veropulos.



Their generosity made the following projects possible:

- Outfitting new SOS Youth House with 1 refrigerator, 2 microwave ovens, 2 vacuum cleaners, 6 Panel heaters
- Complete renovation of all 12 kitchens and installation of range hoods

Fersped - H. Aleksandar Palace prepared the turkey and side dishes free of charge for the event, while Pivara Skopje provided beverages for the meal. Vitaminka also donated treat packages for each of the children.



Sponsorship of Art Directors Club Exhibition

AmCham Macedonia and US Embassy Skopje jointly sponsored the 90th Exhibition of ART DIRECTORS CLUB - NEWYORK and 9th exhibitions of ADC YOUNG GUNS, which took place in Skopje, from 4-10 September 2012.

The exhibition included 70-odd prints of the winning part as guests on the exhibition Design Week in Skopje.

AmCham Macedonia and the U.S. Embassy in Macedonia jointly sponsored the 90th Exhibition of the Art Directors Club – New York and its 9th exhibition of ADC YOUNG GUNS, which took place in Skopje, from September 4-10, 2012. The exhibition included roughly 70 prints of the winning projects as part of Skopje Design Week. The prints were then donated to a local school of fine arts.

Amcham Advocacy Efforts

AmCham's advocacy activities primarily are initiated by its committees on Intellectual Property Rights, Legal & Tax, Workforce Development and Corporate Social Responsibility.

Intellectual Property Rights (IPR)

In 2012 the IPR committee met 10 times and involved 11 unique member company representatives, who undertook the following:

- Held a presentation at UACS during "Global Week of entrepreneurship"; committee members served as speakers on current IPR topics, answered questions from students and staff about related issues.
- Led a nationwide campaign to raise awareness on IPR issues and the need for protection of intellectual property
- Hosted an IPR Conference to draw attention to the need of developing and protecting brands in Macedonia.
- Obtaining permission from the Bureau of Education Development to introduce basic IPR curriculum developed by the World Intellectual Property Organization (WIPO) into schools via teacher training, student seminars, special competitions, etc.



- Establishing cooperation with the State Office of Industrial Property to facilitate translation of the WIPO materials for kids.

Late in 2012, the committee successfully procured U.S. embassy grant funds to support a variety of committee activities and initiatives for the 2012-13 period, including organizing a delegation to the 10th annual AmCham Serbia IPR Conference. The conference provided a chance to better get to know members of the institutional committee as well as to benchmark Macedonia's IPR reality with peers in a neighboring country. Our delegation included 4 members of the National Coordinative Body on IPR and 4 committee members. The trip resulted in several follow-on initiatives in 2013.

Workforce Development

In 2012, the Workforce Development committee met 7 times and involved 12 member company representatives.

- Held a mentoring workshop to highlight best corporate practices from AmCham members Nextsense, ONE Telekom Slovenia Group and T-Mobile Macedonia.
- Conducted a one day training session for "First Time Managers". Participants learned about the transition from a non-managerial to management role.
- Organized a Business Forum entitled: 'Maximize Your Human Capital Potential: Preventing Employment Discrimination against Disabled People'. The goal of the session was to encourage companies to take a proactive and realistic approach toward diversification of their workforce. More than 30 participants attended this event, featuring a lively discussion on the reasons behind the very low participation of disabled people in the workforce at large in Macedonia.
- Hosted the Director of the State Employment Agency, Mr. Vlatko Popovski, to learn more about their plans to revamp their databases and service offerings, including introduction of career planning, training plans, etc. for each unemployed person actively seeking work. The meeting also covered developments in the draft internship law initiative.



Corporate Social Responsibility

In 2012, the Corporate Social Responsibility committee met 7 times and involved 11 member company representatives.

- Held a workshop for members on “Use of Social Media in the CSR”
- Participated in meetings on the Law on donations and sponsorships in the public activities with Ministry of Labor and Social Policy representatives, USAID project representatives, other NGO community members.
- Developed and signed a Memorandum of Understanding between AmCham Macedonia and “October 11th” Orphanage for the 2013 Life Skills Program (full text contained in Annex 2 of this report)



Legal & Tax

In 2012 the Legal and Tax committee met 6 times and involved 10 member company representatives.

- Submitted a letter to the attention of The Legal Commission at the Parliament of the Republic of Macedonia with a copy to the Government of the Republic of Macedonia and the Ministry of Economy of the Republic of Macedonia on proposed amendments to the Macedonian Company Law. The letter drew lawmakers' attention to certain important consequences of some of the proposed amendments on interested party transactions. The letter argued that the amendments could significantly burden the activity of the joint-stock and limited liability companies, which are the vast majority of business entities operating in Macedonia.



- Held a follow up meeting with the Vice President of the Legal Commission requesting that the language be improved to better express the intent of lawmakers, given that the draft language could be interpreted in a variety of ways.
- Signed a contract with the OECD to translate their *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations* into Macedonian.

Communications

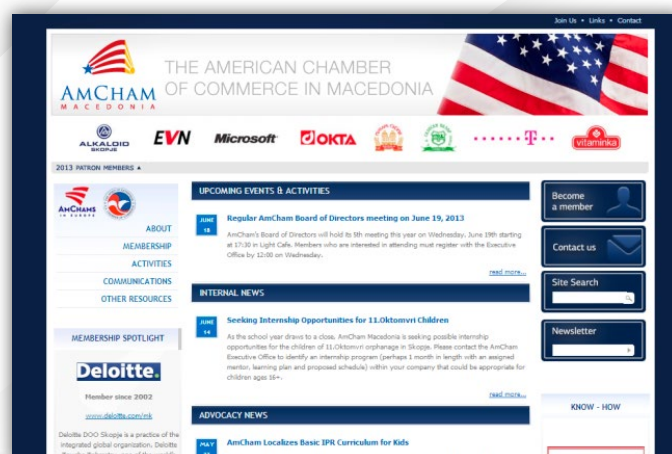
AmCham Macedonia communicates with its members and the world via 3 primary communication media: its website (www.amcham.com.mk), *Emerging Macedonia* magazine and its weekly e-newsletter. During 2012, all of these communications were consistently and professionally delivered on time, maintaining a key membership value. Almost one third of the total membership actively contributed in our electronic newsletters and/or *Emerging Macedonia* magazine.

Emerging Macedonia is the official publication of AmCham Macedonia. It is distributed free of charge throughout all AmCham members, affiliated companies, NGOs, government and governmental organizations, VIPs, economic, political and diplomatic authorities, foreign companies, major hotels, organizations and all embassies in Macedonia as well as the sister chambers of commerce in Europe and the headquarters of the American Chamber of Commerce in Washington. This publication provides extensive information on organization's members, activities, and the overall business climate in Macedonia. Each issue of the magazine provides coverage of AmCham related topics as well as exclusive interviews and articles on issues of great importance to the Macedonian business community.



The AmCham Macedonia website features all of our publications, photos and information on our past and upcoming events as well as news on our committees. In 2012, a total of 7,908 people visited our site, a majority of them new visitors. Most of our site's visitors were from Macedonia, but we also had a significant number of readers from across south eastern Europe, the United States and western Europe.

AmCham MACEDONIA website features all of our publications, photos and information on our past and upcoming events as well as news on our committees. In 2012, 7,908 people visited our site. 55, 4% were new visitors and 44,6% were returning visitors. Most of the visitors are from Macedonia, but also people from the region and USA, UK, Slovakia, Germany, Belgium.



AmCham Macedonia distributes **electronic newsletters** each week to approximately 1000 contacts, including all members and key AmCham partner network, including political and press contacts. This streamlined, easy-to-read-through one-page gives a quick update on events, news, business offers, committee news and activities and more. In 2012, we distributed more than 40 e-Newsletters.

Board Meetings

The AmCham Board of Directors held a total of 9 Board meetings throughout 2012. These meetings focused on the following issues:

- Creation of a new AmCham position: Policy and Communication Manager;
- Oversight of committee activities;
- Executive office staff performance incentives;
- Event planning and assessment;
- Dues collection and financial management, 2011 audit;
- Member issues;
- Advocacy initiatives;
- Selection of new Executive Director to begin summer 2012;
- Cancellation of the Policy and Communication Manager position;
- Adoption of the AmCham Board Member Commitment;
- Review and adoption of updated AmCham's vision, mission, 2013-15 strategy and 2013 work plan;
- New member recruitment; and
- Cooperation with other similar organizations.

Executive Office Operations

In addition to organizing events, supporting committee initiatives, overall communications and organizing Board meetings, the Executive Office maintains relationships with other AmChams in the region, the U.S. embassy in Macedonia and a variety of other institutions and organizations. Below are some of the many activities undertaken during 2012 to foster these relationships and increase the value AmCham Macedonia offers its members.

AmCham EU Brussels Briefing for AmChams in Europe Members

In March, two representatives of the Executive Office have attended the AmCham EU 9th Brussels Policy Briefing for AmChams in Europe. The briefing included over 30 representatives from 19 AmChams in a packed three-day programme, including:

- a private lunch with The Hon. William Kennard, US Ambassador to the EU, who emphasised the importance and power of collaboration between AmChams, and aptly set the tone for the rest of the week to come.
- Joe Quinlan gave the AmChams in Europe (ACE) delegates a brilliant presentation on the initial findings of the 'Case for Investing in Europe' report that has been commissioned by ACE itself.
- A number of European Commission officials came in to talk to the group about Business-University Cooperation, the future of the Single Market, and the European Economic Crisis.
- A Transatlantic Economic Relations panel with speakers from the US Chamber of Commerce, Transatlantic Business Dialogue and AmCham EU. Two of AmCham EU's most senior executive members,
- Mikael Hagstrom (President EMEA, SAS) and Mark Spelman (Global Head of Strategy, Accenture) participated in an interactive roundtable discussion with the AmChams to share the business perspective on the European economy and the Chair of AmCham EU, Hendrik Bourgeois (GE), presented on the 2012 European Commission Priorities.
- A working lunch with Robert Hormats, Under Secretary for Economic Growth, Energy and the Environment, US Department of State, to follow-up to the US State Department Global Business Conference in February in Washington
- A Transatlantic Conference on 'The Renewed Transatlantic Agenda' on 22 March to launch the Transatlantic Economy 2012 report. There were two excellent panel discussions involving representatives from the Council, European Commission, USTR and business as well as speeches by Joseph Quinlan, European Commissioner for Trade Karel De Gucht, EU Ambassador to the US Joao Vale de Almeida and Governor Pat Quinn of Illinois.

- A networking Cocktail in the European Parliament on 21 March attended by over 130 people, including 21 MEPS, as well as guests from the Permanent Representations, other Transatlantic Associations, senior US Mission staff, and AmCham EU members

There were also a number of specific policy briefings on issues identified as particularly relevant for close cooperation within the AmChams in Europe network, which were led by senior AmCham EU members. There were successful sessions on Infrastructure-Airport package, Data Protection, Intellectual Property and REACH, which all generated a lot of discussion and identified many concrete areas for collaboration between AmChams.

Global Business Conference

Secretary of State Hillary Clinton hosted a Global Business Conference in Washington, DC on 21-22 February 2012, bringing together AmChams and other organizations supporting American business around the globe. AmCham Macedonia's First Vice President, Liza Popovska was in attendance.

The conference was an impressive gathering of US business organisation Presidents or Executive Directors representing approximately 120 countries, and around 30 European AmChams were present! It was a fantastic opportunity to meet AmCham counterparts from across the globe. Attendees were also privileged to be able to listen to and to meet some very high-level government representatives including Secretary of State Hillary Clinton, Deputy Secretary of State Tom Nides, US Trade Representative Ron Kirk, Secretary of Commerce John Bryson, Assistant to the President and Deputy National Security Advisor for International Economic Affairs Mike Froman, and even US Vice President Joe Biden.

In her keynote luncheon address Secretary of State Hillary Clinton focused on economic statecraft and economic diplomacy; "America's global strength and leadership are a package deal of both public excellence and private enterprise". She and the other US government speakers stressed the need for United States Government to be the most effective champion of business and highlighted three areas of focus: promotion of US business overseas; attracting US investment back home; and creating a level-playing field for US business worldwide.

Jaime Malet, Chairman of AmCham Spain, was invited to speak on the 'Best Practices for Collaboration' panel on 21 February and outlined examples of successful collaboration with US Embassies, as well as raising attention to the AmChams in European network.

There were also several interesting policy-specific and regional breakout sessions with other State Department, Commerce and USTR representatives, on topics including US Trade Policy, US Government Advocacy on behalf of Businesses, Intellectual Property Rights and US Energy and Climate Policy.

On the Tuesday evening and Wednesday afternoon, AmCham delegates were hosted at the US Chamber Global AmCham Forum by Myron Brilliant. Jake Slegers, Chair of AmChams in Europe and Executive Director of AmCham Slovakia, was a speaker on the "AmCham Perspectives on U.S. International Economic Policy" panel event, alongside representatives from AmChams in Ghana, Egypt, Hong Kong and Argentina.

AmChams in Europe Transatlantic Summit

AmCham's Executive Director attended the AmChams in Europe Transatlantic Conference in Washington D.C. took place on 8 - 10 May to coincide with 'Europe Week' in the Washington. It provided fantastic networking and profiling of the network, with over 21 participants representing 20 AmChams from across Europe and wider Europe. There was the first presentation of the AmChams in Europe publication on 'The Case for Investing in Europe' by author Joe Quinlan during the Transatlantic Policy Network (TPN) conference on Capitol Hill on 9 May, followed by the official launch of the brochure at a Transatlantic Business Reception Cocktail hosted by the US Chamber and TPN in our honour.

The program included a meeting with US Deputy Secretary of State Thomas Nides, roundtable sessions with US State Department and Under Secretary Robert Hormats, as well as a lunch at the US Department of Commerce with Matthew Murray, Deputy Assistant Secretary for Europe and Eurasia. In addition, there was a half day briefing session with the US Chamber, kindly hosted by 3M, and a Hill & Knowlton pointcounterpoint strategies dinner with other transatlantic associations. We also visited the Public Affairs Council and had a very interesting presentation on their Pulse Survey, addressing American public attitudes towards business. All these meetings gave us further opportunities to hand out the 'Case for Investing in Europe'. Finally, the visit included an AmChams in Europe board meeting

AmChams in Europe Best Practices Conference

AmCham Macedonia staff attended 2012's annual Best Practices Conference took place in Dubrovnik, Croatia with 25 delegates from 21 AmChams in attendance. The two and a half day event took place from Wednesday 19 – Friday 21 September. There were many lively presentations on the following best practices topics: Mutual Benefits by Nargiz Nasrullayeva-Muduroglu (AmCham Azerbaijan), Chamber Publications by Zsófia Juhász (AmCham Hungary), 2011 Membership Survey Results by Jake Slegers (AmCham Slovakia) and Stephen Brugger (AmCham Denmark), Building Membership Participation by Brian Cotter (AmCham Ireland) and Jake Slegers (AmCham Slovakia); Global Outreach to Non-Euro AmChams by Katrin Utzinger (AmCham Germany); Developing Policy Agendas and Identifying Your Unique Voice by Stephen Brugger (AmCham Denmark), Marcel Claes (AmCham Belgium).

2012 Year-end Financial Statements

BALANCE SHEET

as at 31 December 2012

	Note	2012 in MKD	2011 in MKD
ASSETS			
Current Assets			
Cash and cash equivalents	7	1.958.877	1.350.375
Other receivables	6	-	29.055
Total current assets		1.958.877	1.379.430
Non-current assets			
Property and equipment	5	214.908	384.708
Total non-current assets		214.908	384.708
Total assets		2.173.785	1.764.138
LIABILITIES AND EQUITY			
FUNDS			
Accumulated excess of income		1.954.383	1.379.430
Carrying amount of assets		214.908	384.708
Total Equity		2.169.291	1.764.138
LIABILITIES			
Current Liabilities			
Other payables	8	4.494	-
Total current liabilities		4.494	-
Total liabilities and equity		2.173.785	1.764.138

INCOME STATEMENT

for the year ended 31 December 2012

		2012	2011
		in MKD	in MKD
	Note		
Membership fees	3	6.179.768	6.422.031
Event sponsorship income		71.750	255.267
Subsidies		378.670	-
Donations		286.923	150.373
Event ticket sales		-	76.482
Web and magazine advertizing		-	60.367
Interest income		55.517	94.161
Total income generated in 2012		6.972.628	7.058.681
Transferred prior year excess of income		1.379.430	1.086.646
Total revenues		8.352.058	8.145.327
Personnel expenses		(2.685.684)	(2.871.184)
Professional services		(592.847)	(502.630)
Travel expenses		(394.309)	(523.611)
Publication and promotional materials		(253.687)	(228.636)
Services		(615.632)	(590.151)
Office supplies		(227.371)	(262.332)
Rent and utilities		(623.122)	(567.162)
Communications		(143.868)	(134.984)
Event expenses		(583.094)	(897.036)
Donations transferred		(207.939)	(136.634)
Other		(36.573)	(32.517)
Total operational expenses		(6.364.126)	(6.746.877)
Profit before taxes		1.987.932	1.398.450
Income tax	4	(33.549)	(19.020)
Net profit		1.954.383	1.379.430

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2012

1. General information about the Chamber

American Chamber of Commerce - Skopje ("the Chamber") was established in 2000 as a business interest association in the Republic of Macedonia. The purpose of the creation of the Chamber is to increase and develop the business activities of the members in the field of their operations and to increase and improve their results.

The activities of the Chamber are: to further develop mutual cooperation of the business between the Republic of Macedonia and the United States of America; to encourage trade, investment and economic cooperation and development between the two countries; to open maintain lines of communication between economy and government as related to U.S./Macedonia trade and economic relations; to encourage legislation to simplify and enhance U.S.-associated economy development in Macedonia and to promote good business practices and ethics; and to be a forum for the exchange of ideas among economies operating in Macedonia and the United States; to promote liberal market development in Macedonia and further Macedonia's integration into the global trading system. AmCham aims to support and advance the interest of U.S., international and leading local businesses in Macedonia, and to promote the competitiveness of the country.

Members of the Chamber are in the same time founders of the Chamber. The members are deciding for the issues in accordance with the Agreement of the Association of American Chamber of Commerce.

2. Summary of significant accounting policies

a. Basis of preparation

These financial statements of the Chamber have been prepared in accordance with the legal regulations accepted in R. Macedonia in relation to the work of the non-profit organizations, the Law on Accounting for Non-profit Organizations of the Republic of Macedonia (Official Gazette of Republic of Macedonia 24/03 with amendments up to 17/11) and the Rulebook for non-profit organizations (Official Gazette of Republic of Macedonia 42/03 with amendments up to 175/11).

The financial statements have been prepared for the year ended 31 December 2012. The Chamber's financial statements are presented in Macedonian Denars ("MKD").

Accounting policy of the Chamber is to present financial statements on a cash receipts and disbursement basis of accounting. On this basis, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. The payments executed in the year N will be considered as well as the payments executed beginning of the year N+1 and related to services rendered and goods delivered in the year N.

2. Summary of significant accounting policies (continued)

b. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Chamber and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognized:

Membership fees

Revenue is recognized when the membership fee is paid from the member.

Rendering of services

Fees from services provided are recognized over the period in which the services are paid by the buyer.

Interest income

Interest income is recognized over the period in which the interest is transferred and paid to the Chamber.

c. Fixed assets

Fixed assets are recorded at cost upon their acquisition.

Fixed assets are fully expensed at their invoiced amount upon their acquisition and are directly credited to the fixed assets fund in the balance sheet. Later, when the depreciation is calculated, the charge is also debited to the fixed assets fund.

Fixed assets are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such equipment when that cost is incurred if the recognition criteria are met. Cost comprised purchase price, including import duties and non-refundable taxes as well as any directly attributable cost of bringing asset to its working condition and location for its intended use.

The carrying values of equipment are reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as a difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Depreciation is charged on a straight-line basis at prescribed by law rates to allocate the cost of plant and equipment over their estimated useful lives.

The annual depreciation rates applied are the following:

Computer equipment	25%
Furniture and fixtures	20%

2. Summary of significant accounting policies (continued)

d. Fixed asset fund

The fixed asset fund of the Association is set up in accordance with the Law on Accounting for Non-profit Organizations of the Republic of Macedonia and corresponds to the net carrying amount of the fixed assets. Increases to the fund are generated upon acquisition of fixed assets. Decreases to the funds are recorded annually and entirely comprise of the depreciation charge and any disposals.

c. Accounts receivables

Accounts receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

d. Cash and cash equivalent

Cash and cash equivalents comprise from cash at bank and cash in hand.

e. Taxes

Current tax

Current income tax expense for 2012 consists from current tax of non-deductible expenses. The income tax rate for both 2012 and 2011 is 10 %.

The calculation and payment of the current income tax is in accordance with the legal regulations referring to the Income Tax Law which are effective as of 01 January 2009 (published in Official Gazette 159/08, 85/10, 47/11 and 135/11). Taxes in 2012 and 2011 are calculated and paid to unrecognized expenses. With this abandoned was model of taxation of the profit evidenced in Income statement, corrected for tax unrecognized expenses used in 2009 and was replaced with model of taxation of tax non-deductable expenses with correction of amount of tax credit and tax releases. Paying of monthly obligation is in advance and only to unrecognized expenses.

VAT

The Chamber is not registered taxpayer for the purposes of VAT, so the expenses and assets are recognized with the amount for VAT. Net amount for VAT that is paid to tax authorities is part of obligation in balance sheet.

f. Foreign exchange transactions

Foreign exchange transactions are recorded at the rate ruling at the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Resulting exchange differences are taken to the income statement.

3. Income

a. Membership fees

	2012	2011
	<i>In MKD</i>	<i>In MKD</i>
Type of membership		
Patron	1.610.000	1.765.000
Corporate	2.975.054	3.038.090
Business	1.378.714	1.395.191
NGO's	110.000	98.750
Entrepreneur	106.000	125.000
	6.179.768	6.422.031

4. Current tax

For 2012, as explained in the Note 2e, a reconciliation of income tax expense is as follows:

	2012	2011
	<i>In MKD</i>	<i>In MKD</i>
Non-deductible expenses arising from:		
Representation	127.548	53.567
Sponsorships	207.939	136.634
Total Non-deductible expenses	335.487	190.201
Tax on non deductible items at statutory income tax rate of 10%	33.549	19.020

The Company's tax liabilities are based on the tax returns filed with the tax authorities and are finalized when audited by the Central Tax Authorities, or a ten-year period has elapsed from the year they are filed. The Chamber's books and records have not been audited by the tax authorities regarding the income tax for 2012 and 2011, and consequently, the Company's income tax may not be considered finalized.

5. Property and equipment

	<u>Computers</u>	<u>Furniture and fixtures</u>	<u>Total</u>
Cost			
Balance at 1 January 2011	279.349	296.034	575.383
Additions	52.507	96.257	148.764
Given advances	-	60.000	60.000
Disposal	-	-	-
At 31 December 2011	331.856	452.291	784.147
Additions	57.533	12.989	70.522
Given advances	-	(60.000)	(60.000)
Disposal	(57.007)	(86.252)	(143.259)
At 31 December 2012	332.382	319.028	651.410
Depreciation			
At 1 January 2011	(69.687)	(140.929)	(210.616)
Depreciation charge for the year	(118.354)	(70.469)	(188.823)
Disposal	-	-	-
At 31 December 2011	(188.041)	(211.398)	(399.439)
Depreciation charge for the year	(53.666)	(70.924)	(124.590)
Disposal	4.500	83.027	87.527
At 31 December 2012	(237.207)	(199.295)	(436.502)
Net book value			
At 31 December 2011	143.815	240.893	384.708
At 31 December 2012	95.175	119.733	214.908

6. Other receivables

	2012	2011
	<i>In MKD</i>	<i>In MKD</i>
Tax prepayments receivables	-	29.055
	-	29.055

7. Cash and cash equivalents

	2012	2011
	<i>In MKD</i>	<i>In MKD</i>
Cash at banks – MKD	1.896.174	1.346.941
Cash in hand	62.703	3.434
	<u>1.958.877</u>	<u>1.350.375</u>

8. Accounts payables

	2012	2011
	<i>In MKD</i>	<i>In MKD</i>
Tax obligations	4.494	-
	<u>4.494</u>	<u>-</u>

9. Events after the reporting period

No material events subsequent to balance sheet date have occurred which require disclosure in the financial statements.

Annex 1: AmCham Macedonia Strategy (2013-2015)

Mission: To be the leading voice of international business in Macedonia promoting the global competitiveness of its economy through advocacy and events as well as implementing best practices.

Vision: Macedonia as a fully-integrated and competitive member of the global economy.

Issues & Approach

In the planning period, AmCham Macedonia efforts will center on the following issues:

1. Ensure the business-relevance of higher education programs and ease current restrictions on internships
2. Modernize and simplify expat staff and consulting immigration/engagement policies
3. Protection of IPRs
4. Improve the clarity of corporate tax law as well as the predictability of its implementation
5. Simplify Company law and its related procedures
6. Advance the state of companies' engagement in and commitment to CSR
7. Promote progressive HR practices (e.g., women in corporate leadership, improve employee safety and health)

These can be summarized into 3 high-level themes as follows: human capital, rule of law and local company competitiveness.

Toward amplifying the impact of our efforts, AmCham should:

- Inform and involve the other major foreign chambers working in the country (e.g., European Business Association, German, Dutch)
- Participate in relevant national bodies or working groups that touch on these issues (at least as an observer)
- Leverage other AmChams in the region, particularly the work of their corresponding committees

Membership

1. Maintain at least 100 members
2. Focus membership growth efforts on:
 - a. Foreign investments in Macedonia starting with the largest to the smallest
 - b. Local companies that are exporting, largest to smallest

3. Local companies representing international brands (U.S. first, then others)
4. Maintain a new member pipeline for review at each BOD meeting including 1 volunteer BOD member for each targeted company. This list will include companies that are pre-approved for membership in order to smooth the application process.
5. Emphasize the international nature of the Chamber (as opposed to the exclusively American)
6. Invite non-members to observe committees for up to 1 year before deciding to join

Events & Committees

1. Toward improving AmCham events, AmCham should:
 - a. Collect standardized attendee satisfaction feedback
 - b. Ensure alignment with key messages
 - c. Open to general public (where appropriate)
 - d. Capitalize on its strong partnership with the U.S. embassy can help us attract (and afford) interesting speakers, increase presence beyond Skopje (American Corners) and deliver unique training opportunities
 - e. Emphasize (and build) our regional network by promoting relevant neighboring AmCham events and vice-versa
2. 3 committees should be maintained at all times in line with committee guidelines.
 - a. One BOD member will provide committee oversight, as needed, to ensure alignment and mitigate potential risks (2012-13 – WFD: Popovska, IPR: Plavjanski, L&T: Marchev, CSR: Hengst)

Communications

1. Develop a communications strategy to raise visibility, particularly among business elite. Consider engaging a PR agency
2. Our magazine should:
 - a. focus on priority issues, literally providing a voice to our key member profile (international business working here)
 - b. Hard copy distribution should be expanded to 1000 copies and include member pipeline list, all major hotels in the country, local business/economics schools
 - c. Be easier to read/search online
 - d. Be tracked to determine readership level at least on e-version

3. AmCham Macedonia lacks formal documentation of members' business challenges. Such a tool could increase perceived professionalism and influence vis-à-vis potential investors and therefore government.
4. Publish guides or analyses of hot topics (e.g., employment of foreigners)
5. Improve and monitor site and eNewsletter user statistics

Executive Office

1. Conduct an annual professional financial audit each year, as required by by-laws
2. Toward ensuring adequate and stable funding:
 - a. Diversify funding sources away from standard membership dues and the Patron program. Potential alternative revenue sources:
 - i. Embassy or other institution project funds
 - ii. Selling event tickets to non-members (advertising key)
 - iii. 1 promo event each year open to outside sponsors that could be a money maker (Big-name , celebrity speaker seminar; Halloween or other popular U.S. holiday celebration; Sports competition)
 - b. Maintain at least 2 average months' expenses as a funding cushion at all time
3. AmCham human resources
 - a. The administrative burden grows with membership and the addition of activities, thus the number of full-time staff and/or temporary/outsourced staff should be taken into consideration when planning
 - b. Staff success should clearly defined and incentivized
 - c. Staff should attend at least 2 AmChams in Europe-organized events per year, attend other position-relevant training at least annually

Annex 2: Memorandum of Understanding between AmCham Macedonia and “October 11th” Orphanage for the 2013 Life Skills Program

Toward improving the chances for future employment of orphans in Macedonia, the American Chamber of Commerce in Macedonia (AmCham) and the “11.Oktomvri” Orphanage have designed and agreed to implement the program detailed in this MOU.

Program description

The Employability and Life Skills Program will consist of:

- Free courses taught by volunteer instructors who work in AmCham member companies
- Internship opportunities in AmCham member companies.

By engaging business people as instructors, the program will ensure a practical approach focused on life skills needed in their future workplace. It is important to note that these volunteers are not professional instructors, thus these courses are not meant to replace instruction offered by formal educational institutions.

If the program proves successful and useful to participants, the plan is to repeat the program on a continuing basis to allow each student to participate fully in all of the offered activities. Depending on interest and volunteer availability, some courses may be added, changed or cancelled year to year.

MOU Party Commitments

“October 11th” Orphanage will supply:

- An initial list of students (no names required) aged 13-18 who are willing and able to participate in the program. This list should include the following details:
 - o Their current age and area of study
 - o Which of the following courses would be most useful and relevant for them (as assessed by qualified “11.Oktomvri” staff in cooperation with the student)
 - Career planning/goal setting
 - Personal financial management
 - English language
 - Public speaking/presentation skills
 - Teamwork
 - Basic computer skills (Microsoft Office, touch typing?)

- o Anything the instructor should know about the student (e.g., learning disabilities)

In response to this list, AmCham Macedonia will supply:

- A list of volunteer businesspeople willing to hold each training and proposed dates and times when they could be offered during 2013
- A list of companies willing to host 1 or more students as interns in 2013, including an assigned mentor, learning plan and proposed schedule for each internship
- The venue (unless 11.Oktomvri leadership prefers to hold these sessions on their premises) and refreshments for attendees
- Certificates of completion for all students who complete each training course successfully (may be determined by completion of a project, passing a knowledge test or some other method set at the outset of the course by the volunteer instructor).

Notional Timeline

January 30th – 11.Oktomvri submits student list to AmCham Macedonia

February 28th – AmCham Macedonia supplies volunteer instructor and course schedule details to 11.Oktomvri

March-June –classes held

July-August – summer break from the training program, internships may occur at this time; instructors and students provide written feedback on the program, including suggestions for improvement.

September –November – classes held

November – final classes are held, final assessments are made to select those students who will receive certificates of completion. Both instructors and students provide written feedback on the program, including suggestions for improvement

December – Amcham hosts a completion party, certificates are distributed.

*Signed by: Michelle Osmanli, Executive Director, AmCham Macedonia and
Ristenka Atanasova, Director of "11th of October" Orphanage Skopje*



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